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E.O. 12958: DECL: 06/25/2019
TAGS: [ECON](#) [ETRD](#) [PREL](#) [TW](#)
SUBJECT: DIRECTOR TALKS BEEF, CROSS-STRAIT, TAIWAN ECONOMY
WITH PREMIER LIU

Classified By: Stephen M. Young, AIT Director, for reasons 1.4 (b) and
(d).

Summary

1. (C) In the Director's June 25 farewell call, Premier Liu Chao-shiuan said he sees no problems with implementing the proposed plan to re-open Taiwan's market to the full range of U.S. beef imports, but did not say Taiwan would agree to include a date certain to hold consultations on lifting an initial 30-month limit for bone-in beef. Liu said Taiwan and the PRC may be increasing economic ties too quickly, and assured the Director the Ma administration talks regularly with the opposition DPP on cross-strait issues. Although unemployment will creep up to six percent in August, Liu said, the Taiwan economy has hit bottom and will begin to grow in the fourth quarter of 2009. The Ma administration will work with Taipei City to quickly issue needed land use and building permits for the new AIT building, Liu assured the Director. He also pledged to look into AIT's plan to obtain the adjacent property in collaboration with the City Government. End summary.

Participants

2. (SBU) The meeting took place at the Executive Yuan (EY) Office of the Premier. The Director was accompanied by political chief and econoff (notetaker). Premier Liu Chao-shiuan was joined by Deputy Minister of Foreign Affairs (MOFA) Department of North American Affairs Deputy Director General Michael Hsu, MOFA Department of North American Affairs Section Chief Johnson Chiang, EY Second Section Chief Lee Tien-ming, and EY Fifth Section Chief Hsia Zheng-zhong.

Liu: Taiwan Wants to Close Deal on Beef

3. (C) Liu said he sees "no problems" with the process toward re-opening the Taiwan market to the full range of U.S. beef, and assured the Director Taiwan would "do what it takes to close the deal." Liu highlighted recent positive statements Department of Health Minister Yeh Chin-chuan made on the safety of U.S. beef. Liu, however, did not say if Taiwan would agree to include a date certain to hold consultations on lifting the proposed initial 30-month limit

for bone-in beef.

Cross-Straits: Taiwan may be moving too fast

14. (C) Liu told the Director Taiwan is working hard to build up its economic relationship with the PRC, but added economic ties are improving so quickly the two sides are moving into more sensitive issues. He said Taiwan needs to be more patient, warning that if the two sides move too fast, things could "go wrong" both within Taiwan and between the two sides of the Strait. Liu said even if the PRC wants to increase economic ties more quickly, the Ma administration has to consider further steps very carefully.

15. (C) The Director urged Liu to ensure dialogue on cross-Straits issues between the Ma administration and the opposition Democratic Progressive Party (DPP). Liu responded the administration frequently talks with the DPP leadership, but added successfully governing a democracy requires maturity on both sides of the political aisle.

GPA, WHO

16. (C) The Director expressed hope Taiwan's accession to the WTO Government Procurement Agreement (GPA) would go as smoothly as possible. The Director praised Taiwan's plan to produce and export an H1N1 flu vaccine, which demonstrates the benefits of Taiwan's recent participation in the World Health Organization (WHO) World Health Assembly (WHA). The director said the United States and Taiwan should continue to talk regularly about Taiwan's participation in international organizations, so that the United States can be appropriately supportive. Liu thanked the Director for U.S. support, which Liu said allows Taiwan to participate and contribute meaningfully to organizations like the WHO.

Economic Situation

17. (SBU) Liu believes the worst is over for Taiwan's economy, which he said would begin to grow in the fourth quarter of this year. According to Taiwan's statistics, unemployment numbers would continue to creep higher over the next few months--hitting six percent by August--but would level off in September and begin to decline thereafter.

18. (SBU) Liu said inflation is still not a problem, but added the administration is watching carefully for any signs of inflation. According to Liu, the EY's "inflation team," formed by Vice Premier Paul Chiu last August but largely inactive since, would meet on Friday, June 26 to consider the issue.

19. (SBU) Liu said quantifying the effect of this year's consumer voucher program is difficult, but praised the "social success" of the program, which he thinks helped Taiwan consumers pass a more pleasant Chinese New Year. Liu said the Ma administration has no plans for issuing another round of vouchers.

New AIT Office

110. (SBU) Liu congratulated the Director for AIT's June 22 site dedication for the new AIT office building, and said the EY and Taipei City would do everything possible to quickly issue needed land use and building permits. The Director, told Liu of AIT's hope to acquire 2.5 hectares of land adjacent to the new AIT site to be used for a language school, warehouse, and Director's residence. Liu said the request is understandable, and seemed favorable to possible land swaps for AIT-owned land in other parts of Taipei.

YOUNG